

Principal Lifetime Enhanced Bond Fund (formerly known as CIMB-Principal Strategic Bond Fund)

31 May 2021



Fund Objective

To provide growth to the value of Unit holders' investments over the medium-term in a medium to long-term bond portfolio as well as to provide a source of regular income.

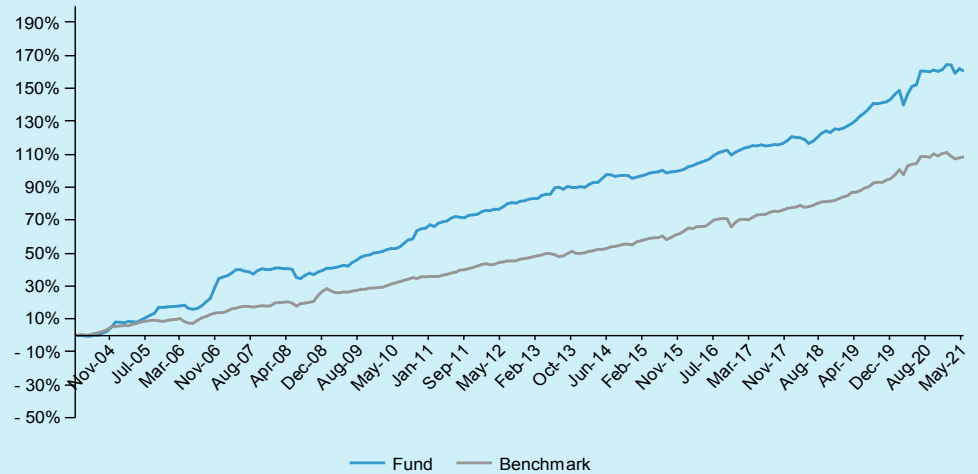
Currency: MYR ISIN Code: MYU1000AO008

Bloomberg Ticker: COMSTRG MK

Fund Information

Location	Malaysia
Domicile	Malaysia
Fund Currency	Ringgit Malaysia
Fund Size (MYR)	MYR 28.34 million
Fund Unit	24.79 million units
Fund Launch	23 March 2004
Benchmark	Quant shop MGS Bond Index (Medium Sub-Index)
Dealing	Daily (as per Bursa Malaysia trading day)
Application Fee	IUTA: 2.00% of the NAV per unit Principal Agency Distributor: 2.00% of the NAV per unit
Management Fee	1.00% p.a. of the NAV
Trustee Fee	0.05% p.a. of the NAV
Unit NAV (MYR)	MYR 1.1432

Fund Performance



Past performance does not guarantee future results. Asset allocation and diversification do not ensure a profit or protect against a loss.

Cumulative Performance (%)

	YTD	1 Month	3 Months	6 Months	1-Year	3-Year	5-Year	Since Inception
Fund	-0.32	-0.54	-1.40	0.07	3.70	20.27	26.45	160.48
Benchmark	-0.98	0.29	-0.17	-0.26	2.20	17.00	25.35	108.39

Calendar Year Returns (%)

	2020	2019	2018	2017	2016	2015
Fund	7.39	8.12	3.13	3.30	5.24	2.74
Benchmark	7.87	6.62	3.29	4.95	3.38	5.38

Most Recent Fund Distributions

	2021 Apr	2021 Jan	2020 Jan	2019 Jan	2018 Jan	2017 Jan
Gross (Sen/Unit)	1.17	3.87	5.00	1.80	5.35	2.89
Annualised Yield (%)	1.01	3.21	4.25	1.64	4.80	2.61

Note: March 2004 to May 2021.

Performance data represents the combined income & capital return as a result of holding units in the fund for the specified length of time, based on bid to bid prices. Earnings are assumed to be reinvested.

Annualised yield is calculated as the most recent monthly dividend distribution multiplied by the Fund's dividend frequency and divided by the latest NAV.

Source : Lipper

Top 10 Holdings

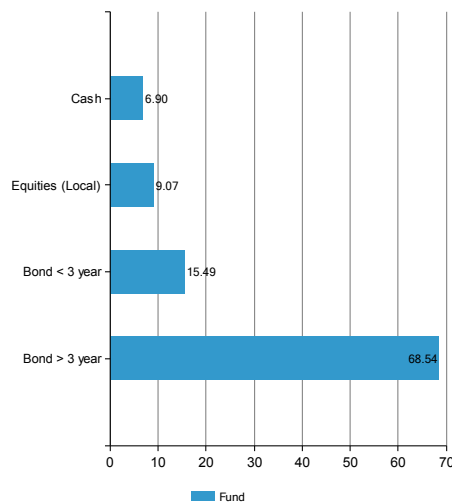
	Country	% of net assets
GENM CAPITAL BHD	Malaysia	8.97
Quantum Solar Park	Malaysia	8.59
Ara Bintang Bhd	Malaysia	5.43
UEM Sunrise Bhd	Malaysia	5.28
DRB-Hicom Bhd	Malaysia	4.68
YTL Power International Bhd	Malaysia	4.62
Mah Sing Group Bhd	Malaysia	4.32
Edra Energy Sdn Bhd	Malaysia	4.26
Northern Gateway Infrastructur	Malaysia	3.85
SEGI Astana Sdn Bhd	Malaysia	2.23

The holdings listed do not constitute a recommendation to purchase or sell a particular security. Cash and/or derivative positions that are not part of the core investment strategy will not be reflected in the top holdings list.

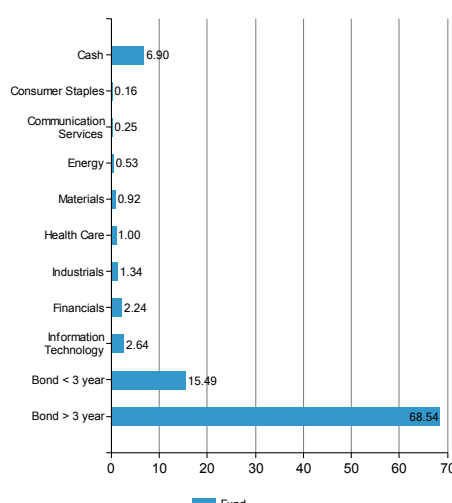
Fund Risk Statistics

Beta	1.18
Information Ratio	0.32
Sharpe Ratio	0.76
3 years monthly data	

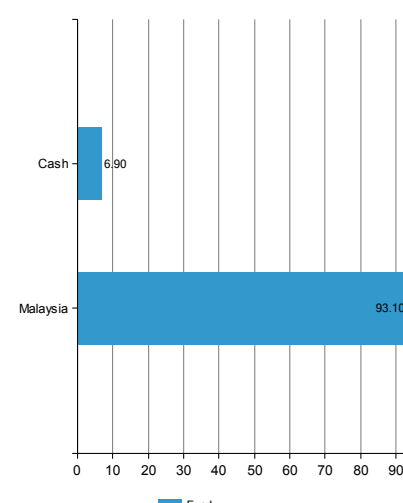
Asset Allocation (%)



Sector Allocation (%)



Regional Allocation (%)



Source: Factset. Fund holdings and allocations shown are unaudited and may not be representative of current or future investments. Percentages may not add up to 100% due to rounding and/or inclusion or exclusion of cash will not be reflected in the top holdings list.

Fund Manager's Report

The Fund's performance for May-21 was -0.54%, underperformed benchmark by 0.83%. Underperformance mainly came from weaker MoM equity performance. YTD Fund outperformed Benchmark by 0.66% mainly due to credit and stock selection. Fund held close to 9% equity allocation as at end May-21.

During the month, the overall MGS yield curve traded steeper as covid cases continue to rise which prompted the government to announce another round of movement control order (MCO 3.0). The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS yields closed at 2.30% (-5bps), 2.71% (+5bps), 3.03% (+5bps), 3.25% (+11bps), 4.02% (+9bps), 4.20% (+6bps) and 4.40% (+8bps) respectively at the end of May.

While Malaysia reported decent 1Q21 GDP recovery (+2.7% QoQ or -0.5% YoY), surging covid cases has prompted the federal government to announce 2-week lockdown from 1st June. MoF has not officially guided new GDP forecast taking into consideration of the lockdown impact, but most business economists are downgrading 2021 growth to 4.4 – 5.4% (MoF original forecast 6.0 – 7.5% YoY). With the lockdown, risk of fiscal slippage and sovereign rating pressure have risen. Although the latest RM5bn fiscal injection will only translate to 0.3% of GDP, Malaysia's external debt profile is already very close to sell impose limit of 60% (official guidance at 58.5% in 2021 based on 7% GDP growth). Come June 2021, S&P is expected to review Malaysia's sovereign rating (currently at A-/Negative) and with the current development, it is hard to expect a positive outcome. While BNM kept policy rate unchanged in the May-2021 meeting, policy action may be required in the next meeting if pandemic related headwinds turned out to be stronger than initially assumed.

For MYR fixed income strategy, the new round of nationwide lockdown is clearly a growth dampener, and it may shift BNM's policy tone to slightly dovish. This may temporary steepen the short-end yield curve and provide a good trading opportunity before the next meeting in July-2021. For longer term fixed income strategy, we remain overweight on corporates for better yield pick-up. Credit supply continues to be vibrant, and we aim to move to new credits when possible. With that said, we continue to be mindful in our credit selection with a preference on names which are more resilient with stronger fundamentals, as well as better liquidity. For equity, we stay Neutral on Malaysia and remain proponents of the reopening theme.

*Based on the fund's portfolio returns as at 15 May 2021, the Volatility Factor (VF) for this fund is 4.010 and is classified as "Low" (source: FIMM). The VF means there is a possibility for the fund in generating an upside return or downside return around this VF. The Volatility Class (VC) is assigned by FIMM based on quintile ranks of VF for qualified funds. VF is subject to monthly revision and VC will be revised every six months. The fund's portfolio may have changed since this date and there is no guarantee that the fund will continue to have the same VF or VC in the future. Presently, only funds launched in the market for at least 36 months will display the VF and its VC.

We recommend that you read and understand the contents of the Master Prospectus Issue No. 22 dated 17 April 2020, which has been duly registered with the Securities Commission Malaysia, before investing and that you keep the said Master Prospectus for your records. Any issue of units to which the Master Prospectus relates will only be made upon receipt of the completed application form referred to in and accompanying the Master Prospectus, subject to the terms and conditions therein. Investments in the Fund are exposed to company specific risk, country risk, credit and default risk, currency risk, interest rate risk, risk associated with investment in derivatives, risk associated with investment in structured products, risk of investing in emerging markets and risks associated with investment in warrants and/or options. You can obtain a copy of the Master Prospectus from the head office of Principal Asset Management Berhad or from any of our approved distributors. Product Highlight Sheet ("PHS") is available and that investors have the right to request for a PHS; and the PHS and any other product disclosure document should be read and understood before making any investment decision. There are fees and charges involved in investing in the funds. We suggest that you consider these fees and charges carefully prior to making an investment. Unit prices and income distributions, if any, may fall or rise. Past performance is not reflective of future performance and income distributions are not guaranteed. You are also advised to read and understand the contents of the Financing for Investment in Unit Trust Risk Disclosure Statement/Unit Trust Loan Financing Risk Disclosure Statement before deciding to borrow to purchase units. Where a unit split/distribution is declared, you are advised that following the issue of additional units/distribution, the NAV per unit will be reduced from pre-unit split NAV/cum-distribution NAV to post-unit split NAV/ex-distribution NAV; and where a unit split is declared, the value of your investment in Malaysian ringgit will remain unchanged after the distribution of the additional units.

Carefully consider a fund's objective, risks, charges and expenses.

Visit www.principal.com.my for a prospectus containing this and other information. Please read it carefully before investing.

Principal Asset Management Berhad

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